

Filed for intro on _____
Senate Bill _____
By _____

House No. HB1068
By Kisber

AN ACT to amend Tennessee Code Annotated, Title 67, Chapter 5, relative to property taxes.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE;

SECTION 1. Tennessee Code Annotated, Title 67, Chapter 5, is amended by adding the following language as a new section:

(a) Any county by resolution of the county legislative body of that county may elect to assign or sell to private parties those tax receivables representing delinquent property taxes of the county. Assignments or sales of tax receivables may be by individual parcel and shall be for an amount reflecting one hundred percent (100%) of the total delinquent property taxes, fees, penalties and costs. Upon payment of the delinquent property taxes, fees, costs, penalties and interest, the holder of a tax receivable shall be paid one hundred ten percent (110%) of the total amount tendered to the county for the tax receivable plus one and one-half percent (1 1/2%) simple interest per month for the period the tax receivable was held.

(b) The assignment or sale of tax receivables shall be evidenced in the form of tax certificates issued by the county. Tax certificates so issued shall bear interest at the rate of one and one-half percent (1 1/2%) simple interest per month or any portion thereof from the date of issuance. Delinquent taxes on real property may be paid after the date of delinquency but prior to the sale of the tax receivable and the issuance of a

tax certificate by paying the taxes, fees, costs, penalties and interest. Tax certificates shall not be issued when the delinquent taxes, fees, penalties and cost total less than one hundred dollars (\$100) nor when the property is owned by a governmental entity. Interest earned on any tax certificate issued by the county shall at all times be free from personal income tax and corporate income tax.

(c) Any person may redeem a tax certificate at any time after the certificate is issued and before a tax deed is granted by paying to the tax collector in the county where the land is situated all of the taxes, interest, costs, fees, penalties and omitted taxes, if any, as provided by law. The holder of an outstanding tax certificate on a parcel on which subsequent taxes become delinquent shall have the right to purchase any new tax receivable at the initial rate within a period of not less than one (1) month and not more than six (6) months following the date of the new delinquency.

(d) The holder of a tax certificate may at any time, subsequent to five (5) years following the date of the initial delinquency, file the certificate and an application for a tax deed with the county where the lands described in the certificate are located. The application may be made on the entire parcel of property or any part thereof which is capable of being readily separated from the whole. Interest on the tax certificate shall continue to accrue at the rate of one and one-half percent (1 1/2%) per month pending the resolution of any tax deed application. The tax deed application proceeding constitutes a foreclosing of the tax lien against the property and shall be conducted by county officials in accordance with Tennessee law governing the foreclosure of tax liens.

(e) Tax certificates issued pursuant to this section that are void due to an error of a county or municipal official or by court order may be canceled or corrected as required. Simple interest shall be paid on the refunded amount at the rate of eight (8) percent per annum calculated from the date the certificate was purchased until the date the refund is made. Tax certificates issued on parcels in bankruptcy or parcels owned or seized by a

governmental entity are deemed to be void. Tax certificates shall be canceled and refunds granted by the issuing county for any of the following reasons:

- (1) the taxes on the lands were paid prior to issuance of the certificate;
- (2) the legal description of the property on the tax certificate is void;
- (3) an error of commission or omission has occurred which invalidates the sale of the certificate;
- (4) the property upon which the tax certificate was issued is found to be polluted or contaminated to the degree that it poses a public health or environmental hazard.

Refunds and interest shall be paid prorata by the taxing agencies that received the proceeds from the issuance of the tax certificates. The holder of any tax certificate that is void for any reason may bring an action in court to have such tax certificate canceled and to obtain the return of the money paid for the certificate. If the court finds for the plaintiff, it shall enter a final judgment declaring the tax certificate void, canceling it of record, and ordering each governmental unit or agency receiving any sums for the tax certificate to return the amounts received by it to the plaintiff.

(f) Tax certificates issued to a private party may be transferred by endorsement at any time before they are redeemed or a tax deed is executed thereunder. The official endorsement of a tax certificate by the issuing agency with the date and the amount received and its entry on the record of tax certificates sold shall be sufficient evidence of the assignment of the certificate. A service charge of one dollar (\$1.00) may be levied for each endorsement. A holder of a tax certificate may apply to the county for a duplicate certificate if the original certificate has been lost or destroyed. The tax certificate holder shall furnish an affidavit to the county stating that the affiant is the owner of the tax certificate and that the tax certificate was lost or destroyed. The tax certificate holder shall pay a five dollar (\$5.00) fee for issuance of the duplicate

certificate. The county shall issue a duplicate tax certificate plainly marked or stamped as being a duplicate.

SECTION 2. If any provision of this act or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the act which can be given effect without the invalid provision or application, and to that end the provisions of this act are declared to be severable.

SECTION 3. This act shall take effect on becoming a law, the public welfare requiring it.